

CABINET

Minutes of a meeting of the Cabinet held in the Council Chamber, County Hall, Ruthin and by video conference on Tuesday, 13 December 2022 at 10.00 am.

PRESENT

Councillors Jason McLellan, Leader and Lead Member for Economic Growth and Tackling Deprivation; Gill German, Deputy Leader and Lead Member for Education, Children and Families; Gwyneth Ellis, Lead Member for Finance, Performance and Strategic Assets; Elen Heaton, Lead Member for Health and Social Care; Julie Matthews, Lead Member for Corporate Strategy, Policy and Equalities; Win Mullen-James, Lead Member for Local Development and Planning, Rhys Thomas, Lead Member for Housing and Communities, and Emrys Wynne, Lead Member for Welsh Language, Culture and Heritage

Observers: Councillors Ellie Chard, Arwel Roberts, Gareth Sandilands and Peter Scott

ALSO PRESENT

Chief Executive (GB); Corporate Directors: Communities (NS); Governance and Business/Monitoring Officer (GW), and Environment and Economy (TW); Head of Finance and Property (SG); Interim Head of Community Support Services (DS); Lead Officer – Community Housing (GD); Principal Manager – School Support (JC); Business Coordinator: Leader's Office (SE), and Committee Administrators (KEJ, NPH & RTJ [Webcaster])

1 APOLOGIES

Councillor Barry Mellor, Lead Member for the Environment and Transport.

2 DECLARATION OF INTERESTS

Councillor Julie Matthews declared a personal interest in agenda item 5 – Housing Rent Setting & Housing Revenue and Capital Budgets 2023/24, because she had friends and family who lived in council housing.

3 URGENT MATTERS

No urgent matters had been raised.

4 MINUTES

The minutes of the Cabinet meeting held on 22 November 2022 were submitted.

Matters Arising – Page 9, Item 6 Revised Delivery Agreement for the Replacement Local Development Plan – Councillor Win Mullen-James advised that the Revised Delivery Agreement had since been approved by Welsh Government.

***RESOLVED** that the minutes of the meeting held on 22 November 2022 be received and confirmed as a correct record.*

5 HOUSING RENT SETTING & HOUSING REVENUE AND CAPITAL BUDGETS 2023/24

Councillor Rhys Thomas presented the report seeking Cabinet approval for the Denbighshire Housing annual rent increase, the Housing Revenue Account (HRA) Capital and Revenue Budgets for 2023/24 and Housing Stock Business Plan.

Some context was provided to the report including the economic background with the cost of living crisis and rise in UK Inflation (CPI) to 10.1% and increases of up to 30% for maintenance and capital programme costs. Consequently, Welsh Government had set a maximum rent increase of 6.5% in Wales (7% set by the UK Government for England), together with some additional amendments to be agreed with the housing sector. It was proposed to increase weekly rents by 5%, resulting in an average weekly rent of £102.31 (average weekly rent increase £4.87). In reaching the proposal a balance had been met between maintenance and investment in housing stock, and the impact on tenants as a result of the increase.

The Lead Officer Community Housing guided Cabinet through the report detail and impact of the current economic climate both in terms of investment in housing stock to meet Welsh Housing Quality Standards (including environmental targets/fuel efficiencies) and funding new build programmes together with the impact on tenants and household finances. As part of the rent setting process, an assessment of cost efficiencies, value for money and affordability for tenants had been carried out, and there was confidence that work had demonstrated rents were affordable, with Denbighshire's rents at the lower end of the target rent and continually monitored.

The report included the forecast outturn for the HRA for 2022/23 in line with the monthly monitoring report with balances at year end forecast to be £2,157m. The impact of a rent increase on the Housing Stock Business Plan (HSBP) was also explained, with each 1% rent increase providing £170k revenue income year on year to enable £3.5m of borrowing for investment over the period of the HSBP. The recommendation to apply a 5% increase and not 6.5% would cost the HRA around £250k for every year of the HSBP. A 5% increase would be worth £850k resulting in £8.5m investment over ten years. It was noted that 72% of tenancies were in receipt of welfare benefit and housing costs support with any rent increase being covered by that support, and assurances were provided regarding ongoing work to support tenants as much as possible. There was a commitment to no evictions due to financial hardship and provision of targeted support for tenants.

Cabinet recognised the need to balance the level of rent increase to meet future investment needs of housing stock against affordability for tenants. Councillor Julie Matthews advised that Cabinet had asked for further detail which had not been included in the report in terms of options appraisals of other percentage increases for comparison purposes in order to evaluate the impact at the different levels and make a fully informed decision. During debate, it appeared there had been some misunderstanding regarding the dissemination of that data which had been readily available and circulated to members on request, and officers apologised that the

modelling data had not reached Councillor Matthews. The point had been made in the report that every 1% increase in rent equated to £170k each year for investment borrowing, with a 3% increase severely impacting the capital programme.

In terms of balancing the impact on housing investment and affordability for tenants, the Head of Finance and Lead Officer Community Housing responded as follows –

- the proposed 5% had been put forward following extensive modelling of different options to ensure council housing was maintained to an appropriate standard whilst also fulfilling contractual obligations with regard to new builds; any lesser increase would result in a reduction in those standards which would require additional investment in future years, and withdrawal from new builds given the impact on borrowing capacity for future investment. Whilst a higher increase would be preferable to fund higher capital expenditure and investment, it was accepted that a balance needed to be made against affordability for tenants
- a report on efficiency, value for money and affordability had been attached as Appendix 3 to the report and detailed those calculations. The proposed 5% was half the inflation rate, the minimum wage and welfare benefits were increasing by 10%, and most salaries should increase by 5%. Other local authorities and housing associations were taking a similar approach. It was accepted that every household was different and each case would be treated differently with targeted support for tenants. If the maximum 6.5% increase was applied the council would still be worse off next year with fewer improvements to council housing due to increases in maintenance and capital costs and lack of rent increase to meet those levels. Less than a 5% increase would result in more tenants losing out on investment in their homes and reduced housing standards.

Cabinet discussed the issue in detail and overall was satisfied that due care and attention had been given to finding the correct balance, although given the current pressures on household finances, no increase at all would have been preferable. It was noted that the increase would be covered by welfare benefit and housing costs support for 72% of tenancies, but there would be a greater impact on the remaining 28% and Cabinet was pleased to note the comprehensive targeted support for tenants and the fact that there would be no evictions due to financial hardships. The importance of ensuring the best possible services for tenants and investment in their homes was highlighted, particularly in terms of fuel efficiencies given the energy crisis which could generate cost savings, and it was vital that work continued to benefit tenants. Reference was also made to the Council's priority to invest in new builds to meet the significant housing need in the county.

Officers responded to further questions and comments as follows –

- confirmed 2100 people on the housing waiting list with a desperate need for social housing and work was ongoing between the authority and local housing associations to best meet those needs in the current challenging housing market
- the modelling of weekly rents by property type had been included in Appendix 3 to the report based on 5% and 6.5% increases by property type; for a three-bedroom house the 5% increase would equate to a weekly increase of £5.53
- provided assurances that a 5% increase would enable the council to keep up with progress in maintaining housing standards based on the current trajectory

and meet the target of 170 additional homes over the five-year period. However, the new WHQS, including net zero by 2033, would be unattainable without significant financial support from the Welsh Government and discussions were ongoing between local authorities, housing associations and Welsh Government in that regard given the future uncertainties.

Councillor Matthews acknowledged the need for a rent increase and valid arguments put forward but reiterated concerns that data modelling of all options had not been shared with Cabinet at the outset to inform decision making, particularly given that any increase would have a detrimental impact on households, with a greater impact on the 28% of households in work and not in receipt of benefits. She also felt a more holistic approach should be taken with other decisions which would impact on people's incomes. There were mixed views as to whether the full data modelling of options should have been included in the report or made available to members separately. The Leader's preference had been for an options report but he felt the data supplied in the report was sufficient to reach a decision.

Councillor Rhys Thomas apologised that the data had not reached Councillor Matthews. He felt there had been a good debate of the issues, reiterating that it was a difficult decision and a balance needed to be made, and stressed that all the money in the HRA was used to benefit tenants in Denbighshire. A rent increase lower than 5% would detrimentally impact on future improvement works and plans to build new homes to meet housing need. On being put to the vote it was –

RESOLVED that –

- (a) *the Housing Revenue Account Budget for 2023/24 (Appendix 1 to the report) and the Housing Stock Business Plan (Appendix 2 to the report) be adopted;*
- (b) *rents for Council dwellings be increased in accordance with the Welsh Government Policy for Social Housing Rents by 5% with effect from Monday 3 April 2023;*
- (c) *the additional report (Appendix 3 to the report) on Affordability, Cost Efficiencies, and Value for Money be noted, and*
- (d) *Cabinet confirms that it has read, understood and taken account of the Well-being Impact Assessment (Appendix 4 to the report) as part of its consideration.*

[Councillor Julie Matthews voted against the above resolution.]

6 CAPITAL PROCESS AND THE FUTURE OF THE STRATEGIC INVESTMENT GROUP

Councillor Gwyneth Ellis presented the report updating Cabinet on a proposed new capital budget setting process and changes to the Terms of Reference and name of the Strategic Investment Group.

The Head of Finance and Property explained the reasoning behind the review of the capital process, taking into account feedback from the Strategic Investment Group (SIG) and to ensure a more strategic approach. The proposals had been discussed at Cabinet Briefing, Senior Leadership Team, and Governance and Audit Committee who had provided an input. Cabinet was guided through the draft capital process as set out in the report, which included a proposed new Capital Scrutiny Group. The guiding principles behind the review included the need for strong governance, scrutiny and transparency and synchronisation of processes.

Main points of the proposal included –

- creation of a Capital Scrutiny Group (CSG) comprising key senior officers and representatives of Cabinet and Scrutiny Committees to review business case proposals for capital investment (other than schemes under £0.250m that were funded 100% by external grant funding to be approved at senior officer level)
- the CSG would not take formal decisions but their views would be taken into consideration by other decision making bodies: Cabinet to approve individual capital schemes with the annual Capital Plan requiring approval by full Council; Corporate Executive Team to approve schemes under £1m if CSG had recorded support; Cabinet to make the final decision on all schemes over £1m; schemes under £1m not supported by the CSG could be taken by the Head of Service to Cabinet for a final decision if agreement could not be reached
- further work was required on the detail of the capital bid forms and process with the aim that all capital projects would be completed on Verto project forms to include all the extra information required to make decisions on capital business cases; detailed operational guidance would be developed by the Spring
- the CSG and Budget Board would be supported by Committee Services from April and the process and terms of reference would be subject to annual review.

Cabinet welcomed the consultation on the proposed new process, including scrutiny by the Governance and Audit Committee on that approach, and supported the new process as a means of strengthening the democratic processes and provide greater transparency of the scrutiny and decision making arrangements involved. Councillors Arwel Roberts and Gareth Sandilands, former members of the SIG, gave their viewpoint on the previous arrangements, which Cabinet found useful, and voiced their support for the proposed new process and merits of that approach. Given the significant changes at Cabinet and senior level since May's local government elections, it was considered timely to review and implement the new approach. The importance of "buy-in" to the process from the whole Council was highlighted with all working together for the benefit of all the county's residents.

In response to questions, the Head of Finance and Property advised that –

- whilst the proposed change to in-year grant funded schemes up to £0.250m to be approved at officer level would streamline that process, the main aim of the new process was to provide a more strategic approach with greater transparency, with information readily available and easily accessible on modern.gov, and to ensure more scrutiny of larger schemes and decisions taken
- the Council had approved a programme of school modernisation via the Sustainable Communities for Learning Programme and funding had been

secured in the medium term financial plan for that purpose. However, the business cases for the individual schemes would be scrutinised by the CSG. A similar approach would be taken to the Levelling Up Fund capital based projects; Council had approved 10% match funding and the Clwyd South Constituency bid had since been approved by the UK Government; the business cases for the individual schemes would be subject to scrutiny by the CSG

- details of the current capital spend were included in Cabinet's monthly finance report. The approved Capital Plan for 2022/23 was £51.8 with expenditure to date of £17.9m, which was typical at this stage in the financial year
- in the interim period since May's elections, matters usually considered by SIG had been dealt with through the Budget Board, with schemes over £1m requiring Cabinet approval. It was expected that the CSG would be in place early next year with information available on modern.gov from April 2023, and an overview of the initial work of the CSG was provided. Most capital schemes involved executive decisions taken either by Cabinet or the Corporate Executive Team but clearly based on the recommendations of the CSG.

Having reviewed the proposed new capital process, it was –

RESOLVED that Cabinet –

- approve the new capital process, and*
- support the draft Terms of Reference of the Capital Scrutiny Group which would be presented for approval at the first meeting of the Group.*

At this point (11.30 am) the meeting adjourned for a refreshment break.

7 FINANCE REPORT

Councillor Gwyneth Ellis presented the report detailing the latest financial position and progress against the agreed budget strategy.

A summary of the Council's financial position was provided as follows –

- the net revenue budget for 2022/23 was £233.693m (£216.818m in 2021/22)
- an overspend of £2.189m was forecast for service and corporate budgets (£5.535m overspend last month)
- highlighted current risks and assumptions relating to corporate budgets and individual service areas together with the impact of coronavirus and inflation
- detailed service savings and fees and charges increases (£0.754m); no savings having been requested from Community Support Services or Schools
- provided a general update on the Housing Revenue Account, Treasury Management, Capital Plan and major projects.

Cabinet was also asked to approve plans to spend a capital grant (£1.203m) to upgrade schools' kitchens and dining facilities to accommodate the universal primary free school meals scheme.

The Head of Finance and Property reported on actions taken to reduce the forecasted overspend from £5.535m last month to £2.189m which included an underspend in capital financing costs largely due to project delays; £400k from contingency following final virements on the pay settlement; £230k arising from new ways of working savings relating to staff mileage, and around £1m service savings from delays to recruitment and use of reserves. The importance of reducing the underspend was reiterated which would allow around £2.7m from the budget mitigation reserve to help fund the budget for the next year to allow time to make the necessary budget adjustments for the following year. Whilst the budget position had much improved from the previous month and reflected the situation to date, there may be other pressures identified going forward, such as winter maintenance given the current cold conditions. Finally, reference was made to the recommendation to approve plans to spend a capital grant to upgrade schools' kitchens and dining facilities which had been supported by the Budget Board.

Councillor Gill German elaborated on the roll out of the universal free school meals scheme on a phased basis as part of the partnership agreement between Welsh Labour and Plaid Cymru at Welsh Government level for the benefit of every primary school child. She referred to the challenges in terms of kitchen upgrades and facilities and paid tribute to the Catering Team who had worked tirelessly to deliver the scheme and as a result it would be rolled out early to all Year 1 pupils in Denbighshire from January 2023. The capital grant was vital to implementing the free school meal offer and ensuring the necessary infrastructure was in place.

Councillor German also reported on the recent Foster Carers Christmas event and the excellent offer for local authority fostering including the level of care and mutual support in the service. The budget pressure in that service area was recognised and assurances were provided that work would be ongoing to tackle the budget pressure and further promote the fostering service and its benefits in the new year.

RESOLVED that Cabinet –

- (a) *note the budgets set for 2022/23 and progress against the agreed budget strategy, and*
- (b) *approve the plans to spend a capital grant (£1.203m) to upgrade schools' kitchens and dining facilities to accommodate the Universal Primary Free School Meals scheme as detailed in section 6.9 of the report and Appendix 5 to the report.*

8 CABINET FORWARD WORK PROGRAMME

The Cabinet forward work programme was presented for consideration and members noted the following amendments –

- Ysgol Plas Brondyffryn (Outline Business Case) – removed from January
- Ysgol Plas Brondyffryn (Review objection report) – added to February
- North Wales Energy Strategy – added to February

RESOLVED that Cabinet's forward work programme be noted.

EXCLUSION OF PRESS AND PUBLIC

RESOLVED that under Section 100A of the Local Government Act 1972, the Press and Public be excluded from the meeting for the following item of business on the grounds that it would involve the likely disclosure of exempt information as defined in Paragraph 14 of Part 4 of Schedule 12A of the Act.

9 RECOMMENDATION OF THE REGIONAL FEE SETTING GROUP

Councillor Elen Heaton presented a confidential report seeking Cabinet agreement to the recommendations of the North Wales Regional Fees Group for 2023/24, Residential and Nursing Home fees.

The 2023/34 Fees Group included representatives from all six North Wales local authorities and Betsi Cadwaladr University Health Board and had produced a single recommendation for 2023/24 Residential and Nursing Home fees including: Ordinary Residential Care; Residential Care for the Elderly and Mentally Infirm; Nursing Care, and Nursing Care for the Elderly and Mentally Inform. Reference was made to the methodology and guidance used together with relevant data and revised care hours to account for increasing complexity of need in order to deliver a recommendation. The Fees Group unanimously agreed the recommendations contained in the report, believing them to be reasonable and defensible rates for the four categories of Care Home. A table of Denbighshire Care Home fees rates for 2022/23 and percentage increase for 2023/24 had also been included for comparison purposes. Details of the recommended cost increase in Denbighshire's Care Home spend had been provided.

Cabinet considered the report and discussed the merits of the proposed increase in fees as set out, including the reasoning behind the percentage return on investment to reflect the regional approach and subsequent impact on profit margins which should be highlighted. Some concern was expressed regarding the negative press coverage from sources which did not accurately reflect the situation with regard to care home fees and the relationship with care providers. In terms of the quality of care provided, officers provided assurances regarding the contract monitoring process and regular review of care packages to ensure high standards.

RESOLVED that Cabinet accept all the recommendations of the Fees Group as set out within the report.

The meeting concluded at 12.20 pm.